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County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
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MICHAEL D. ANTONOVICH
Fifth District

March 26, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

CALFRESH TRAFFICKING (ITEM NO. 56-A, OF FEBRUARY 21, 2012)

This is in response to your Board Motion of February 21, 2012, introduced by Supervisor Antonovich, directing the Chief Executive Officer (CEO), in conjunction with the Acting Director of the Department of Public Social Services (DPSS), and in consultation with the District Attorney (DA), to report back in 30 days on the development of a comprehensive program to identify, prosecute and prevent CalFresh trafficking in Los Angeles County. This effort should include working with the United States Department of Agriculture-Food and Nutrition Service (USDA-FNS), USDA-FNS-Office of Inspector General (USDA-FNS-OIG), and the California Department of Social Services (CDSS); and include an assessment of the possible use of technology.

On March 13, 2012, representatives from the CEO, DPSS, DA, USDA-FNS, USDA-FNS-OIG, CDSS Fraud Bureau and CDSS Policy Section met to discuss actions that could be taken to strengthen the identification, prosecution and prevention of CalFresh trafficking. The following efforts are in place or underway:

- **DPSS** is developing an Educational Campaign to enhance awareness among CalFresh participants that CalFresh trafficking is illegal. This campaign will include the following activities:
 - Update DPSS' CalFresh and Electronic Benefit Transfer (EBT) websites, and the Your Benefits Now on-line system with trafficking information.

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- Develop and include an informational flyer addressing trafficking and penalties in DPSS CalFresh intake and annual recertification packets, and distribute at outreach events.
- Develop fraud posters to display in the DPSS District Office lobbies that address trafficking convictions.
- **DPSS** is working in collaboration with CDSS to check Craigslist, Facebook and Twitter on a daily basis for any ads selling or soliciting CalFresh benefits. CDSS currently ensures that these posts are removed promptly, within a few hours, when found on Craigslist. Facebook and Twitter posts are directed to the DPSS Welfare Fraud Investigators for further investigation.
- **DPSS** is conducting Administrative Disqualification Hearings (ADH) for participants who have committed welfare fraud, including CalFresh trafficking. ADH is a process for disqualifying individuals from the program for specified time periods when fraud is substantiated, but the DA does not prosecute.
- **DPSS** welfare fraud is working closely with the DA on sting operations for CalFresh trafficking.
- **DPSS** is exploring the use of the County's Data Mining Solution for CalFresh trafficking.
- **DA** has recommended formation of a multi-jurisdictional Task Force comprised of federal, State and local agencies to develop new strategies for investigation and prosecution of participants engaging in CalFresh trafficking. The Task Force would evaluate available data sources, develop criteria for initiating investigations and work collaboratively on the resulting investigations and prosecutions of CalFresh traffickers. CDSS has indicated they will evaluate rolling this recommendation into the workgroup they are forming to address CalFresh trafficking.
- **CDSS** plans to convene a workgroup in April 2012, working through the County Welfare Directors Association (CWDA) of California, to address CalFresh trafficking. The workgroup will consist of representatives from CWDA; four Counties of which Los Angeles County will be one; Special Investigation Units and; selected advocates. Additionally, CDSS is working with USDA-FNS to develop a Statewide Recipient Integrity Plan that will outline specific activities the State and county agencies will use to identify, prosecute and prevent participants' trafficking CalFresh benefits.

- **USDA-FNS** administers the authorization of retailers to participate in the CalFresh program and conducts compliance reviews for administrative follow-up, such as sanctions. **USDA-FNS-OIG** conducts criminal investigations related to FNS program fraud, including trafficking CalFresh benefits. In addition, our federal partners engage in data mining efforts that provide information on CalFresh participants related to the retailers that they are investigating. This participant information is shared with DPSS for potential investigation.

DPSS' existing partnership with USDA-FNS and USDA-FNS-OIG is being strengthened by their commitment to regularly share information with the DA and DPSS investigators regarding ongoing retailer investigations. New strategies will be developed at the State and local level to focus on participants engaging in CalFresh trafficking.

We will report back to your Board in 90 days on the progress of the efforts underway.

WTF:KH
DS:JAB:ljp

c: Executive Office, Board of Supervisors
Acting County Counsel
District Attorney
Public Social Services

CalFresh Trafficking.bm



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June 29, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

CALFRESH TRAFFICKING (ITEM NO. 56-A, OF FEBRUARY 21, 2012)

In response to the Board Motion of February 21, 2012, introduced by Supervisor Antonovich, this is the second report on the development of a comprehensive program to identify, prosecute and prevent CalFresh trafficking in Los Angeles County. The Department of Public Social Services (DPSS) continues to work with representatives from the Chief Executive Office (CEO), District Attorney (DA), United States Department of Agriculture Food and Nutrition Service (USDA-FNS), USDA-FNS-Office of Inspector General (USDA-FNS-OIG), and California Department of Social Services (CDSS) on the development of a comprehensive approach to prevent CalFresh trafficking.

Since the last report to the Board, the Department has been engaged in the following efforts related to preventing CalFresh trafficking:

1. **DPSS Data Mining:** DPSS has been looking into other jurisdictions and data mining vendors for data mining solutions that have been used to target Electronic Benefit Transfer (EBT) transactions with a focus on CalFresh trafficking. As a result, in March 2012, DPSS evaluated a data mining model implemented in Louisiana that focused on EBT fraud. The Department found some positive aspects with the model, while noting certain limitations due to differences between the jurisdictions. DPSS is currently assessing whether certain positive aspects of the Louisiana model could be replicated and paired with the Data Mining Solution that is currently running in DPSS for Stage 1 Child Care fraud detection and prevention. DPSS is collaborating with our current data mining vendor to analyze three months of Los Angeles County EBT transaction data and examining how this information potentially can be incorporated into our existing data

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mining tools to combat CalFresh trafficking. We will share the results of this analysis and any action taken in future reports to the Board.

2. **DPSS Educational Campaign:** The Department's Educational Campaign to enhance awareness among CalFresh participants that CalFresh trafficking is illegal, and in progress and the materials are expected to be implemented by the end of July 2012.
3. **CDSS CalFresh Trafficking Workgroup:** CDSS convened the newly-formed CalFresh Trafficking Workgroup via teleconference in April 2012 and has held two additional meetings in Sacramento on May 16–17, 2012, and June 13–14, 2012. The Workgroup consists of over 30 representatives from the following agencies: Los Angeles County DPSS and DA, CDSS, USDA, Fresno County, Colusa County, San Bernardino County, San Mateo County, California Welfare Fraud Investigators Association, Riverside City Food Bank, Coalition of County Welfare Rights Organizations, California Work Opportunity and Responsibility to Kids Information Network, Legal Services of Northern California and Western City on Law and Poverty. Workgroup discussions have centered around the following:
 - *FNS Western Regional Offices (WRO) Supplemental Nutrition Assistance Program (SNAP) Recipient Integrity Plan.* FNS is requesting States to develop a plan to reduce the incidents of recipient fraud.
 - *Excessive EBT Card Replacements.* USDA-FNS has proposed a new measure that would provide States the option to require CalFresh recipients to make contact with the State or county agency when there have been excessive requests for card replacements in a year (at least four in a 12-month period). This will provide the opportunity to determine whether the request is legitimate, or requires further investigation. States using the option must also ensure that they protect vulnerable people who lose their cards, but are not committing fraud.
 - *Media Image.* CDSS is attempting to constructively influence the media with the primary purpose of educating the public and making them aware that CalFresh trafficking is illegal and punishable by law.
 - *Social Media.* USDA, CDSS and DPSS continue to aggressively monitor various social networks (i.e., Craigslist, Facebook, Twitter, etc.) for EBT trafficking advertisements and have them immediately removed.
4. **USDA Sanctions:** During the second quarter of Federal Fiscal Year 2012, USDA took final actions to impose sanctions nationwide through fines or temporary disqualifications for retailers that were involved with CalFresh trafficking or otherwise violated program rules. More than 198 stores were violating program rules and 366 stores were permanently disqualified for trafficking in SNAP benefits. DPSS is in the process of following up with USDA to determine if any of the sanctioned retailers are in California or Los Angeles County.

Each Supervisor
June 29, 2012
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We will report to the Board in 90 days on the progress of the efforts underway..

If you have any questions or need additional information, please contact Antonia Jiménez at (213) 974-7365, or via email at ajimenez@ceo.lacounty.gov.

WTF:KH:DS
JAB:ljp:gj

c: District Attorney
Executive Officer, Board of Supervisors
County Counsel
Public Social Services

Calfresh Trafficking (Item No. 56-A, of February 21, 2012) N:\BOARD MEMO'S 2012